

- Labour productivity in BC increases at an average annual rate of 1.2% from 1997 to 2010
- Manufacturing sales up 2.0% in January
- Port Metro Vancouver busier in 2011

The Economy

- Between 1997 and 2010, labour productivity in British Columbia's business sector increased at an average rate of 1.2% per year. A 1.3% annual increase in capital intensity (the amount of capital per hour worked) was the main factor contributing to labour productivity growth. Over the same period, investment in human capital (investment leading to improvements in education or skill levels) contributed another 0.1% per year to the growth in labour productivity. However, multifactor productivity, which is a measure of the effect of technological change, innovations and economies of scale, declined at an annual rate of -0.2%.

Data Source: Statistics Canada

- Sales of goods manufactured in the province increased 2.0% (*seasonally adjusted*) in January, bringing a four-month-long downturn to an end. Sales by manufacturers of durable goods advanced 3.8%, reflecting an improvement in the wood industry (+5.3%), which posted its first increase since October, and a rebound in sales by producers of primary metal products (+12.5%, following a 10.3% decline in the previous month).

Manufacturers of non-durable goods saw sales inch ahead 0.2%, as gains in the food (+1.3%) and paper (+0.8%) industries were offset by a drop in sales by producers of other non-durable products such as chemicals and petroleum and coal products.

Canadian shipments fell 0.9% in January, with five provinces recording declines. New Brunswick (-5.1%), Quebec (-3.9%), Saskatchewan (-3.0%) and Manitoba (-2.9%) all saw

manufacturer's sales slow significantly in the first month of the year, while Ontario (-0.3%) posted a modest decline. BC (+2.0%) and Alberta (+0.9%), together with the remaining Atlantic provinces, rebounded following a weak performance in December.

Data Source: Statistics Canada

- The number of new motor vehicles driven off car lots in British Columbia picked up speed in January, rising 11.0% (*seasonally adjusted*), as retailers recovered from reversals in the previous two months. Nationally, motor vehicle sales boomed (+15.4%) in January as more vehicles changed hands in every province. Ontario (+23.7%), Alberta (+16.3%), BC (+11.0%), Nova Scotia (+11.0%) and PEI (+10.8%) all registered double-digit increases.

Data Source: Statistics Canada

Port Activity

- Port Metro Vancouver handled 122.5 million tonnes of cargo in 2011, up 3.4% from the previous year. Most (98.3 million tonnes) of the cargo was destined for foreign markets. Larger volumes of forest products (+18.8%), fertilizers (+14.6%), and coal (+7.9%) were responsible for much of the increase in outbound shipments, but these gains were tempered by a significant decline (-31.7%) in the tonnage of shipped petroleum products. China (18%), South Korea (14%), and Japan (14%) accounted for nearly half of all outbound cargo shipped from the port.

The volume of inbound cargo handled by Port Metro Vancouver edged down (-0.3%) to 24.2 million tonnes in 2011.

Data Source: Port Metro Vancouver

Did you know...

Twenty-eight percent of Canadian smartphone users (and 35% of those aged 18 to 34) have either lost or misplaced their phones, or have had them stolen. *Data Source: Ipsos Canada*

- In 2011, there were 199 cruise ship voyages leaving from Vancouver, up 12.4% from the previous year. However, this is significantly lower (-22.2%) than the 256 voyages that left the port in 2009. Passenger volumes were also higher (+14.6%) in 2011, but remain well below (-26.2%) the level reached in 2009.

Data Source: Port Metro Vancouver

Legal Aid

- During fiscal year 2010/2011, total funding for legal aid in British Columbia edged down 0.5% (inflation adjusted), after declining in the previous year. While spending by federal and provincial governments rose slightly (+1.5%), this was offset by sharp declines in funds provided by the legal profession (-25.7%) and other sources (-10.3%).

Canada-wide, total funding for legal aid rose 0.2% in 2010, largely driven by increases in Quebec (+0.9%) and Ontario (+0.3%). The largest declines in legal aid funding were registered in Manitoba (-10.6%) and Saskatchewan (-2.3%).

Data Source: SC Cat. no. 85F0015X

- The number of legal aid applications in British Columbia rose 3.4% in 2010, mainly due to an increase (+4.2%) in applications for criminal cases. Two-thirds (66%) of applications for legal aid were approved in 2010, with nearly three-quarters (73%) of approvals granted to applicants involved in criminal cases. In 2010, legal aid services were provided by 974 lawyers in British Columbia.

Data Source: SC Cat. no. 85F0015X

The Nation

- Canada's national net worth increased 0.8% to \$6.6 trillion, or \$190,900 per capita, in the fourth quarter of 2011. National wealth (the value of land and assets such as structures, machinery, durable goods and inventories) was estimated at \$6.9 billion, while Canada's net foreign debt stood at \$236 million.

Household net worth, which accounts for the lion's share (\$6.3 trillion) of Canada's total assets, averaged \$182,100 per person at the end of 2011. The net holdings of the corporate sector were \$462 million, while the government

owed \$155 million more than the total value of its assets.

The level of government indebtedness continued to climb, with government sector debt rising to \$812 billion, or 47% of Canada's gross domestic product.

Canadian businesses also carried a significant debt load. Private non-financial corporation credit market debt made up 54% of the value of the equity held by the sector.

Total household debt was \$1.6 trillion, or \$46,700 per person. This was about 1.5 times personal disposable income. However, when the value of assets (mainly housing and land) held by households is taken into account, household debt accounts for about 26% of the total net worth of households.

Data Source: Statistics Canada

- The market value of Canadian employer-sponsored pension funds totalled nearly \$1.1 trillion in the third quarter of 2011. Stocks and bonds together accounted for 70% of the total value of pension fund holdings.

Pension fund revenues were \$21.7 billion, including \$10.7 billion in employer and employee contributions. Investment income (\$8.5 billion) and net profits from sales of securities (\$2.0 billion) were also important sources of revenue.

On the other side of the balance sheet, pension fund expenditures were \$20.4 billion, including \$11.0 billion paid out to beneficiaries. Net losses on sales of securities accounted for another \$6.4 billion in spending by trustee pension funds.

Data Source: Statistics Canada

- Industrial capacity utilization rates continued to improve in the fourth quarter of 2011, with Canadian industries operating at 80.5% of their full capacity. Utilization rates remain below the 83.4% rate reached in early 2007, but have climbed nearly 10 percentage points after plunging to 70.7% in the second quarter of 2009.

Data Source: Statistics Canada

*Infoline Issue: 12-11
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Kitimat Poised to See Resurgence in Exports

Kitimat, a town with a population of around 9,100 located in B.C.'s northwest, has long punched above its weight in terms of being a source for exports from the province. Since its inception Kitimat has been home to the Alcan Smelter (now Rio Tinto Alcan), a major aluminum producer. Until recently, it was also the location of a large pulp and paper mill and it once housed a methanol plant as well. In its peak years, close to \$1 billion worth of merchandise exports were shipped through the Port of Kitimat.

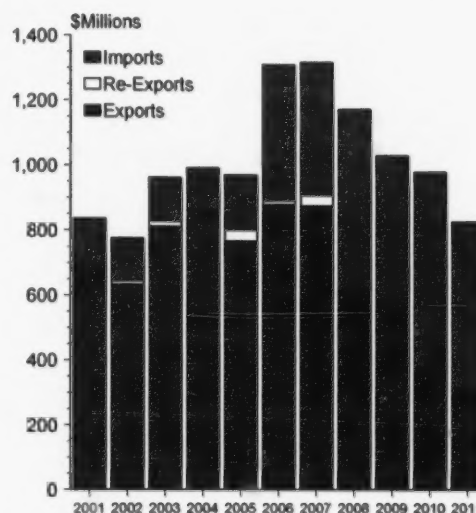
However, the Methanex methanol and ammonia plant was permanently closed in 2005 and the Eurocan pulp and paper mill shut down for good in January 2010. The closure of the pulp and paper mill in particular was a large blow for the municipality as over 500 jobs were lost to the community.

The volume of goods shipped through the Port of Kitimat has slumped over the last four years, first as a consequence of the global economic downturn, which affected demand for the goods produced in Kitimat and more recently, due to the shutdown of the pulp and paper mill and the closure of two pot lines in the aluminum smelter in preparation for modernization of the plant.

While the closures of the Methanex plant and the Eurocan mill have been tough for Kitimat, their former sites could play a major role in Kitimat's resurgence. The Eurocan site has been purchased by a partnership comprised of Apache Canada Ltd., EOG Resources Canada Inc., and Encana Corporation who together own Kitimat LNG, which plans to build a liq-

uefied natural gas (LNG) facility on the Haisla First Nation's land adjacent to Kitimat. The Eurocan site is expected to be used as a staging area, with a workers' camp and an area for loading and unloading materials to be used in the construction of the liquefaction plant. The former Methanex site was purchased by Royal Dutch Shell, which plans to build yet another LNG plant on the site.

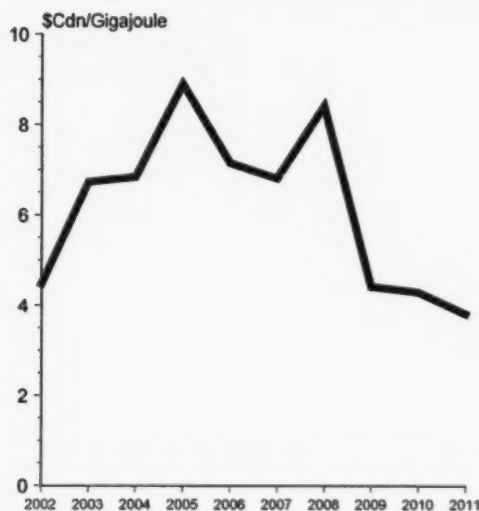
The value of goods exported from the Port of Kitimat has fallen the last four years



Source: Statistics Canada

The Kitimat LNG project is expected to begin construction in 2012 and has already received approval from the National Energy Board to export LNG. The plant is expected to be operational by 2015, with an initial annual production of five million tonnes and plans to eventually double that. The primary market for the LNG will be Asia, where prices for LNG are far higher compared to those in North America.

The price of exported natural gas has slumped in recent years with growth in supply



Source: National Energy Board

Natural gas prices in North America spiked in 2005 when hurricanes Rita and Katrina disrupted the supply from the U.S. Gulf of Mexico, then fell for a couple of years before jumping again in 2008 when record oil prices created demand for alternative energy supplies. In more recent years, the price of natural gas has dropped significantly as new discoveries have increased the North American supply of gas and created somewhat of a glut on the market.

In particular, major discoveries of shale gas reserves, such as the one in the Horn River Basin in Northeast British Columbia, combined with technological improvements in extraction methods that have made it more economical to extract shale gas, have boosted the supply of gas in North America such that it exceeds demand. Normally, an excess domestic supply, combined with demand elsewhere, would result in the product being exported; however,

in order for natural gas to be shipped overseas it must first be liquefied. Currently there is only one natural gas liquefaction facility in North America. The Kenai LNG plant in Alaska was scheduled to terminate operations at the end of December 2011, but it appears it may resume shipments in 2012. Regardless of whether or not the plant does resume operation, it is much smaller in scale than the one planned by Kitimat LNG and is nowhere near large enough to deal with the large volume of potential exports.

The dearth of gas liquefaction facilities in North America coupled with the bountiful supply of gas served as the impetus for the development of an LNG export facility in Kitimat. However, the Kitimat LNG project isn't the only LNG facility planned for Kitimat. As noted above, Shell is also planning to build an LNG plant and there is also a third project planned for the area.

The Shell project as planned could be even larger than the Kitimat LNG facility. The purchase of the vacated industrial site in Kitimat is a good indication that Shell and its partners are serious about proceeding with the project. Just last month, it was announced that Petro-China Co. Ltd. has committed to partner with Shell in a shale gas operation in B.C., which should reduce Shell's development costs and makes it that more likely that the Kitimat facility will proceed.

The third proposed LNG plant by the Douglas Channel Energy Partnership would be a small-scale floating terminal on the Douglas Channel within the District of Kitimat and the Haisla Nation territory. Initial production would be 700,000 tonnes per year, increasing to 900,000 tonnes. The National Energy Board has approved the company's application for an ex-

port license and the expectation is that production of LNG could start early in 2014.

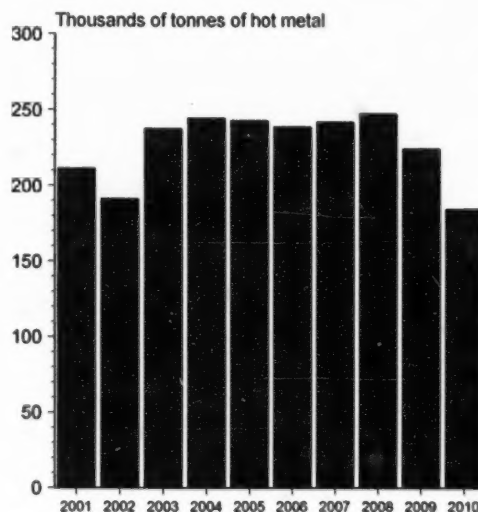
While Kitimat appears poised to become a hub for LNG production, those are not the only major projects potentially on the horizon for the community. For example, there is the much publicized proposal by Enbridge Inc. to construct a pipeline from Alberta to Kitimat and to build a marine terminal in Kitimat for the export of oil to Asia. Unlike the LNG projects, which have generally been positively received, the Enbridge Northern Gateway Pipeline proposal has garnered a great deal of protest, with opinion, even in Kitimat, split between those who see it as a huge economic opportunity and those who believe it poses too much of a risk to the environment. The proposal will have to clear a number of hurdles including an environmental review process if it is to proceed.

In addition to the potential of new industry being developed in Kitimat, there has also been positive news with regard to the main industry currently operating in the municipality, the Rio Tinto Alcan aluminum smelter. After years of delays, it appears that the company is ready to proceed with modernization of the existing smelter. The project will boost the smelter's current production capacity from around 282,000 tonnes per year to approximately 420,000 tonnes annually. While there will be a reduction in employment associated

with the modernization due to gains in efficiency, it will ensure that the smelter remains operating well into the future, which will secure around 1,000 well-paying jobs in the community.

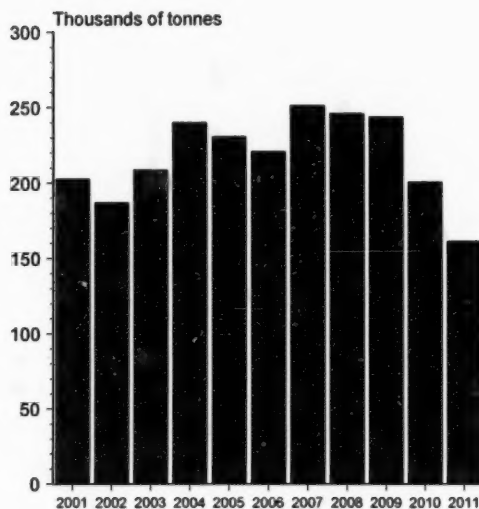
The project has already started with the decommissioning and demolition of two pot lines to make way for construction of the new facility. The closure of the lines is reflected in the drop in production at the smelter and also can be seen in the reduction in B.C.'s exports of unwrought aluminum over the last couple of years.

Production at the Kitimat Smelter dropped in 2010 as a result of the closure of two potlines in preparation for re-modernization



Source: Rio Tinto Alcan

The drop in production is mirrored by the dip in BC's exports of unwrought aluminum



Source: Statistics Canada

the province. The Port of Kitimat is already the third largest in the province, behind only Port Metro Vancouver and the Port of Prince Rupert. The expansion in aluminum production and the possible addition of new industry in Kitimat and the surrounding area could herald a major resurgence in exports for the community and its port.

The Kitimat smelter has always had a competitive advantage due to the availability of inexpensive hydro power, but over the years that advantage has been eroded due to out of date smelting technology. With the modernization of the plant, the Kitimat smelter will become one of the most efficient and lowest-cost smelters in the world and will have the additional benefit of cutting greenhouse gas emissions approximately in half.¹

Once the modernized smelter is in full production, there should be a substantial increase in B.C.'s aluminum exports. The LNG facilities offer the potential for a major jump in exports as well, which puts Kitimat in a position of becoming one of the top exporting centres in

¹ Rio Tinto Alcan, "Rio Tinto Alcan Works Modernization."
<http://investnorthwestbc.ca/major-projects-and-investment-opportunities/map-view/kitimat/rio-tinto-alcan-kitimat-works-modernization>



Email transmission information service from BC Stats



also on the Internet at www.bcstats.gov.bc.ca or choose **RSS**

BC at a glance . . .

POPULATION (thousands)			% change on one year ago
		Oct 1/2011	
BC		4,592.0	0.9
Canada		34,605.3	1.0
GDP and INCOME (Released Nov 8)			% change on one year ago
(BC - at market prices)		2010	
Gross Domestic Product (GDP) (\$ millions)		203,147	5.9
GDP (\$ 2002 millions)		167,140	3.0
GDP (\$ 2002 per Capita) (reflects revised pop)		36,899	1.4
Personal Disposable Income (\$ 2002 per Capita)		26,166	2.2
TRADE (\$ millions, seasonally adjusted)			% change on prev. month
Manufacturing Shipments - Jan 2012		3,161	2.0
Merchandise Exports - Jan 2012		2,641	-4.8
Retail Sales - Dec 2011		5,028	-1.4
CONSUMER PRICE INDEX		% change on one year ago	12-month avg % change
(all items - Jan 2012)			
BC		1.7	2.3
Vancouver		1.8	2.2
Victoria		1.5	2.1
Canada		2.5	2.9
LABOUR FORCE (thousands)			% change on prev. month
(seasonally adjusted)		Feb 2012	
Jobs Created (-Lost) - BC		9.1	
Labour Force - BC		2,472.4	0.4
Employed - BC		2,300.8	0.4
Unemployed - BC		171.5	0.6
			Jan 2012
Unemployment Rate - BC (percent)		6.9	6.9
Unemployment Rate - Canada (percent)		7.4	7.6
INTEREST RATES (percent)		Mar 14/2012	Mar 16/2011
Prime Business Rate		3.00	3.00
Conventional Mortgages - 1 year		3.20	3.50
- 5 year		5.24	5.44
US-CANADA EXCHANGE RATE		Mar 14/2012	Mar 16/2011
(avg. noon spot rate) Cdn \$ per US \$		0.9915	0.9918
(closing rate) US \$ per Cdn \$		1.0070	1.0083
AVERAGE WEEKLY WAGE RATE			% change on one year ago
(industrial aggregate - dollars)		Feb 2012	
BC		860.57	3.8
Canada		855.69	2.8

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
For latest Weekly Financial Statistics see www.bankofcanada.ca

New RSS Feeds From BC Stats

BC Stats has published several new RSS feeds, including: Aboriginal Peoples, Business and Industry, Census, Economic Statistics, Education, Environment, Geography and Mapping, Income, Pensions, Spending and Wealth, International and Interprovincial Trade, Labour, Population, Demography and Immigration, and more.

<http://www.bcstats.gov.bc.ca/Help/RSSFeeds.aspx>

The 2011 National Household Survey

Release dates have been set as:

May 8, 2013

- Immigration; Citizenship; Place of birth; Language; Ethnic origin; Visible minorities; Religion; Aboriginal Peoples

June 26, 2013

- Labour; Education; Place of work; Commuting to work; Mobility and migration; Language of work

August 14, 2013

- Income; Earnings; Housing; Shelter costs

<http://www12.statcan.gc.ca/nhs-enm/index-eng.cfm>

Census 2011 Fast Facts

According to the 2011 census, compared to other provinces, BC's population growth was second only to Alberta over the 2006 to 2011 period. In May of 2011, the census counted 4,400,057 persons in BC, up 286,570 (+7.0%) from the 2006 count. Read more on the 2011

Census page:

<http://www.bcstats.gov.bc.ca/StatisticsBySubject/Census/2011Census.aspx>

Released this week by BC Stats

- Exports, January 2012

Next week

- Consumer Price Index, February 2012
- Population Highlights, Fourth Quarter 2011
- Quarterly Regional Statistics, 4th Quarter 2011